



Registered Investment Advisor

**Rauschenberger Financial Advisors**

912 Douglas Avenue  
Elgin, IL 60120

2815 Forbs Avenue, Suite 107  
Hoffman Estates, IL 60192

Telephone: (847) 802-2500  
[www.AskRFA.com](http://www.AskRFA.com)

**Form ADV Part 2A  
February 15, 2020**

This brochure provides information about the qualifications and business practices of Rauschenberger Financial Advisors. If you have any questions about the contents of this brochure, please contact Mr. Rauschenberger at (847) 802-2500.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about Rauschenberger Financial Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD number, which is 160230.

While the firm and its associates may be registered with the State of Illinois, it does not imply a certain level of skill or training on the part of the firm or its associated personnel.

## **Item 2 – Material Changes**

This Form ADV Part 2 Brochure has been amended from the previous version dated February 11, 2019 and includes no material changes from the prior form.

For future filings, this section of the brochure may address only those material changes that have occurred since the firm's last annual update.

The firm may at any time update this document and either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Clients are also able to download this brochure from the SEC's Website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or may contact our firm at (847) 802-2500 to request a copy at any time.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

**Important Note:** Throughout this document, Rauschenberger Financial Advisors may be referred to by the following terms: "the firm," "we," "us," or "our." The client or prospective client may be referred to as "you," "your," etc., and may involve more than one *person*.

### **Item 3 – Table of Contents**

<b>Item 1 – Cover Page .....</b>	<b>1</b>
<b>Item 2 – Material Changes .....</b>	<b>2</b>
<b>Item 3 – Table of Contents .....</b>	<b>3</b>
<b>Item 4 – Advisory Business.....</b>	<b>5</b>
Description of Our Advisory Firm .....	5
Description of Advisory Services Offered .....	5
Client-Tailored Services and Client-Imposed Restrictions.....	5
Broad-Based v. Modular Planning .....	7
Educational Workshops.....	8
Wrap Fee Programs .....	10
Client Assets Under Management.....	10
<b>Item 5 – Fees and Compensation.....</b>	<b>10</b>
Method of Compensation and Fee Schedule .....	10
Negotiable Fees .....	11
Client Payment of Fees.....	11
Additional Client Fees.....	11
Charged Prepayment of Client Fees .....	11
Termination of Services.....	12
External Compensation for the Sale of Securities to Clients.....	12
<b>Item 6 – Performance-Based Fees and Side-By-Side Management.....</b>	<b>12</b>
<b>Item 7 – Types of Clients .....</b>	<b>12</b>
<b>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>13</b>
Methods of Analysis and Investment Strategies.....	13
Investment Strategy and Method of Analysis Material Risks.....	13
Security-Specific Material Risks.....	14
<b>Item 9 – Disciplinary Information .....</b>	<b>15</b>
Criminal or Civil Actions.....	15
Administrative Enforcement Proceedings.....	15
Self-Regulatory Organization Enforcement Proceedings .....	16
<b>Item 10 – Other Financial Industry Activities and Affiliations.....</b>	<b>16</b>
Broker-Dealer or Representative Registration .....	16
Futures or Commodity Registration .....	16
Material Relationships Maintained by this Advisory Business and Conflicts of Interest .....	16
Recommendation or Selection of Other Investment Advisors and Conflicts of Interest.....	16
<b>Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</b>	<b>17</b>
Code of Ethics Description.....	17
Privacy Policy Statement .....	17
Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest .....	18
Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest .....	18

Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest .....	18
<b>Item 12 – Brokerage Practices .....</b>	<b>18</b>
Factors Used to Select Broker-Dealers for Client Transactions.....	18
Client Referrals .....	19
Best Execution .....	19
Directed Brokerage.....	19
Aggregating Securities Transactions for Client Accounts.....	19
<b>Item 13 – Review of Accounts .....</b>	<b>19</b>
Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved.....	19
Review of Client Accounts on Non-Periodic Basis.....	20
Content of Client Provided Reports and Frequency.....	20
<b>Item 14 – Client Referrals and Other Compensation .....</b>	<b>20</b>
Economic Benefits Provided to the Advisory Firm From External Sources and Conflicts of Interest .....	20
Advisory Firm Payments for Client Referrals.....	20
<b>Item 15 – Custody .....</b>	<b>20</b>
<b>Item 16 – Investment Discretion .....</b>	<b>21</b>
<b>Item 17 – Voting Client Securities.....</b>	<b>21</b>
Proxy Voting .....	21
Other Corporate Actions .....	21
Receipt of Materials .....	21
<b>Item 18 – Financial Information .....</b>	<b>22</b>
Balance Sheet .....	22
Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients .....	22
Bankruptcy Petitions during the Past 10 Years .....	22
<b>Item 19 – Requirements for State-Registered Advisors.....</b>	<b>22</b>
Principal Executive Officer.....	22
Educational Background and Business Experience .....	22
Other Business Activities Engaged In .....	23
Performance-Based Fee Description.....	23
Disclosure of Material Facts Related to Arbitration or Disciplinary Actions Involving Management.....	23
Material Relationships Maintained by Advisory Business or Management Persons with Issuers.....	23
Supervision .....	23
Business Continuity Plan .....	24

***This brochure contains 24 pages and is not complete without all pages.***

## **Item 4 – Advisory Business**

### **Description of Our Advisory Firm**

Rauschenberger & Associates, Inc. is an Illinois-based company formed in 2005, doing business as Rauschenberger Financial Advisors. Our firm is not a subsidiary of nor do we control another entity. In addition to our 2012 registration as an investment advisor in Illinois, our firm and its associates may register or meet certain exemptions to registration in other states in which we conduct business. Keith Rauschenberger, noted in Item 19, is our firm's sole shareholder and serves as our designated principal and Chief Compliance Officer (supervisor).

We hold ourselves to a *fiduciary standard*, which means our firm and its associates will act in the utmost good faith and perform in a manner believed to be in the best interest of our clients. As fiduciaries, we are obligated to put *you – our client – first*.

### **Description of Advisory Services Offered**

Rauschenberger Financial Advisors provides a range of investment advisory solutions to people from all walks of life. Our financial planning services include working with our clients in such areas as cash flow and budgeting, retirement planning, tax planning, risk management, estate planning, or other areas upon request.

To begin, a complimentary interview is often conducted by Mr. Rauschenberger in person or via phone to determine the scope of services to be provided. Before entering into an engagement, we will provide you with our current ADV Part 2A and Privacy Policy.

Should you wish to engage the firm, in most cases, we will enter into a written agreement which includes a detailed scope. Depending on the scope of the engagement, we will require current copies of the following documents early in the process:

- Wills and trusts;
- Insurance policies;
- Mortgage information;
- Tax returns;
- Current financial specifics including W2s or 1099s;
- Information on current retirement plans and benefits provided by your employer;
- Statements reflecting current investments in retirement and non-retirement accounts; and
- Completed risk profile questionnaires or other forms provided by our firm.

*It is important that the information and financial statements you provide are accurate and thorough, as the quality, completeness and accuracy of the plan is dependent on the data provided. We may, but are not obligated to, verify the information you have provided, which will then be used in the financial planning or investment advisory process.*

### **Client-Tailored Services and Client-Imposed Restrictions**

#### **Financial Planning and Investment Consultation Services**

Financial planning and investment consultation services are provided on an hourly, project or annual subscription basis; a subscription engagement typically involves additional ongoing support and implementation assistance. Predefined planning packages are detailed below after the general descriptions.

A general description of our services and an estimate of the time needed to complete is discussed below, although the time needed may vary depending on the complexity of the engagement. Our services may be broad-based (sometimes coined “holistic planning”) or more narrowly focused as you desire on a pre-defined project basis.

Typically, we provide our clients with all or a combination to the following services:

*Retirement Planning (6-20 Hours)*

We provide retirement planning services that will identify assets and income streams to support retirement goals, incorporate Social Security claiming strategies, identify any alternative investment products, such as single pay annuities, to support your plan, and create a retirement projection/ Monte Carlo analysis to support confidence levels. We will also develop portfolio withdrawal strategies to support your retirement goals.

*Investment Consultation (3-6 Hours)*

Investment consultation/management services often includes a review of all your investment accounts, qualified retirement plans, deferred compensation accounts and employee stock options. We will analyze your investments, across all accounts, recommend an asset allocation (based upon your goals and risk tolerance) and recommend potential investments.

As part of the process, we will create an Investment Policy Statement for you that will identify, among other things, your investment goals, asset allocation and the portfolio rebalancing process.

*Cash Flow and Debt Management (2-5 Hours)*

We will work with you to review and analyze your current cash flow, relative to your expenses, debt service requirements and savings goals. We will recommend an appropriate cash reserve or emergency fund and then help prioritize your future cash flow. We will also analyze and provide recommendations on the most effective means for managing your debt relative to your cash flow, fixed obligations, interest rates and tax considerations.

*Risk Management (2-5 Hours)*

We will work with you to review your current insurance coverage and analyze your exposure to major risks including premature death, disability, property and casualty losses, or the need for long term care. We will suggest ways minimize these risks and weigh the costs of purchasing insurance versus the potential costs of not purchasing insurance (self-insuring).

We will, if appropriate, consult with your insurance agent, other insurance agents or brokers and/or other insurance experts to assist you in making prudent risk management decisions, or perhaps guide you in your purchase of an appropriate policy. For example, we might recommend that you consider purchasing an “umbrella” insurance policy, or raise a deductible amount on an existing policy, which you should then discuss with your licensed insurance agent.

*Employee Benefits (2-5 Hours)*

We will review and analyze your employee benefits to confirm that you are taking the maximum advantage of the benefits offered. If you are a business owner, we will consider and/or recommend benefit programs that may be structured to meet both your business and personal retirement goals.

### Tax Planning Strategies (2-4 Hours)

While we do not offer tax preparation services, we will review your tax returns and will work with your tax professional (or recommend one) to identify tax-saving opportunities. Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture.

### College Planning (2-5 Hours)

College planning services often include projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways to save and/or finance the required cost of school. Recommendations may also include the “pros-and-cons” of various college savings vehicles such as Section 529 college savings plans or prepaid savings plan or Coverdell Education Savings Accounts.

### Estate Planning (2-3 Hours)

Estate planning services will typically include a review of all your estate documents including your will, power of attorney, healthcare directives and instruction letter to confirm they exist, are up to date and are consistent with you overall plan and financial goals.

We may also recommend that you consult with a qualified attorney to initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes.

### Business Management (5-20 Hours)

We assist small businesses in a variety of ways; practice management, financial advice and debt management, bookkeeping services, as well as assisting you with matters involving coordination with your financial institution, attorney or accountant.

### Business Employee Planning Services (4-20 Hours)

We will contract with businesses to provide its employees with group or individual planning services. Group services generally feature educational planning workshops and seminars focused on the above planning categories. Individual planning services typically include 1:1 planning meeting with individual employees to provide general financial advice based upon that employee’s situation. When we contract with a company we will maintain that individual’s privacy and act as a fiduciary for that employee.

### Annual / Multi-Year Subscription: Advisory/Planning Relationship

The cornerstone of our practice involves a holistic financial plan and an ongoing relationship to help you implement your plan, manage your financial decisions and accomplish your goals. After completion of an initial planning engagement, we will offer ongoing assistance with investment and portfolio management. Ongoing investment management services include annual or regularly scheduled portfolio and individual investment reviews, fee analysis, asset allocation review and portfolio rebalancing.

### Project Planning: Broad-Based v. Modular Planning

Project planning may involve a specific project or a holistic plan as mutually defined and agreed to before any work is begun. A holistic (broad-based) plan involves a variety of areas of analysis (e.g. cash flow, investments, tax, estate and insurance), a significant volume of information and the need to review the topics in detail; accordingly, broad-based plans depending upon their relative complexity may require 15-35 hours to complete.

Alternatively, in line with a client's request, we may concentrate on only a specific area (hourly or project based planning), such as college financial planning, investment advice, portfolio allocations, or evaluating the sufficiency of your retirement plan. Note that when these services focus only on certain areas of your interest or need, however, your overall situation or needs may not be fully addressed due to limitations you may have established.

Whether a broad-based (holistic) or modular (project) plan, we will present you with a summary of our recommendations, guide you in the implementation of some or all of them, and offer periodic reviews thereafter (see Item 13). Unless stated to the contrary in your engagement agreement, upon completion of our presentation or delivery of advice our engagement is typically concluded. You are always encouraged to contact us at any time in the future to re-engage our services.

#### Hourly Planning and Coaching

Hourly engagements are also available, and fees are based upon the time involved as described in Item 5.

#### Annual Plan Review (4-8 Hours)

We strongly urge our clients to notify us of any change in their circumstances, and to schedule a review any time there is such a change. An annual review should be considered even if there is not a substantial change, because tax laws, estate laws, and insurance and investment products are rapidly evolving.

*In all instances, you will retain full discretion over all implementation decisions and are free to accept or reject any recommendation we make.*

#### **Educational Workshops**

We may provide educational workshops, at no charge, on an hourly fee or on an individual fee basis, for groups desiring general advice on investments and personal finance. Topics may include issues related to financial management, financial planning, retirement strategies, or various other economic and investment topics.

Our workshops are educational in nature and do not involve the promotion of insurance or investment products. Information presented will not be based on any one person's need nor do we provide individualized investment advice to attendees during our general sessions.

#### **Educational Newsletter Subscription**

We may provide an educational newsletter on a paid subscription basis. This publication is available to clients and non-clients alike and provides general financial information and education; no specific advice or recommendations are made. The fee for this subscription may be up to \$10.00 per month.

#### **Typical Pre-Packaged Planning Engagements**

##### Initial Engagement

- Holistic Financial Plan
  - Includes investment/portfolio management, cash flow analysis, tax planning, estate plan review, risk management, savings strategy, education planning, Monte Carlo analysis and goal identification
  - Time and detail intense, with extensive data gathering.
  - Involves several meetings and conversations that produces a multi-page written plan with recommendations.

- Term up to 12 months, including implementation assistance
- Typically, \$3,000 - \$6,000 billed monthly
- Holistic Retirement Plan
  - Includes investment/portfolio management, cash flow analysis, tax planning, estate plan review, risk management, withdrawal strategy, Monte Carlo analysis, Social Security Maximization and goal identification
  - Time and detail intense, with extensive data gathering.
  - Involves several meetings and conversations that produces a multi-page written plan with recommendations
  - Term up to 12 month, including implementation assistance
  - Typically, \$3,000 - \$6,000 billed monthly
- Financial Coaching
  - Collaborative planning session / discussion covering most areas of a holistic engagement
  - Minimum of 3 – 4 hours in meeting and preparation
  - Appropriate for those seeking a second opinion or an initial road map.
  - Typically, \$1,200 - \$1,800 onetime payment
  - 30 days of implementation and follow up assistance
- Investment Management and Portfolio Design
  - Develop Investment policy statement, asset allocation and portfolio
  - Includes investment due diligence and asset location discussion
  - Approximately 4-5 hours, one time engagement
  - Typically, \$800 - \$1,800, one-time payment
  - 30 days of implementation advice
- Planning on Demand
  - Client defined projects
  - \$250 per hour

#### Follow-up Engagements

- Plan Maintenance Subscription
  - Three-year working agreement
  - Minimum of two scheduled plan updates and portfolio reviews/ rebalance
  - Ongoing implementation assistance
  - Typically, a follow on to a holistic engagement
  - Billed \$75 - \$150 per month during subscription
- Portfolio and plan review
  - Portfolio review, due diligence and rebalance
  - Plan review and discussion
  - Typically, \$800 - \$1,200 onetime payment
  - 30 days of implementation support and follow up assistance
- Implementation Services
  - Additional implementation services may be offered after an initial engagement
  - \$150 per hour

- Planning on Demand
  - Client defined projects and rebalancing
  - \$250 per hour
  
- Web-based Planning Support
  - Access to planning software and/or an information-based platform
  - Minimal monthly fee

### **Wrap Fee Programs**

Our firm does not participate in or sponsor wrap fee investment management programs.

### **Client Assets Under Management**

Due to the nature of our advisory services offering, we do not have client assets under our management.

### ***General Information***

We do not provide legal, accounting or insurance services. With your consent, we may work with your other advisors (attorneys, accountant, etc.) to assist with coordination and implementation of accepted strategies. You should be aware that these other advisors will charge you separately for their services and these fees will be in addition to our advisory fees.

Our firm will use its best judgment and good faith effort in rendering its services. Rauschenberger Financial Advisors cannot warrant or guarantee any level of account performance or that your account will be profitable over time. Past performance is not necessarily indicative of future results.

Except as may otherwise be provided by law, our firm will not be liable to the client, heirs, or assignees for any loss an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by our firm with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; any loss arising from our adherence to your direction or that of your legal agent; any act or failure to act by a service provider maintaining an account.

Notwithstanding the preceding, nothing within our client agreement is intended to diminish in any way our fiduciary obligation to act in your best interest or in any way limit or waive your rights under federal or state securities laws or the rules promulgated pursuant to those laws.

### **Item 5 – Fees and Compensation**

#### **Method of Compensation and Fee Schedule**

##### ***Hourly Planning and Coaching Fees***

We may be engaged for our financial planning and investment consultation services under an hourly fee arrangement. Fees for these services are \$250 per hour; billed in fifteen-minute increments (4 increments per hour), and a partial increment will be treated as a whole. Please review the various engagements in Item 4 for approximate charges for specific services.

##### ***Fixed Payment Fees***

We offer planning project services on a fixed-fee basis, typically ranging from \$1,800 up to \$6,000. Project planning may involve a specific project or a holistic plan as mutually defined and agreed to before any work is begun.

### Subscription Fees

We offer our Advisory/Planning Relationship services on an annual or multi-year subscription basis, typically ranging from \$800 up to \$6,000. Fees for these subscription engagements are calculated as an annual fixed fee based upon the complexity of the relationship, specific planning mandate and expected time requirement and are established before work begins and are renewed annually. These fees are charged monthly or quarterly in arrears.

We may offer clients post-planning access to our planning software and/or a stand-alone informational support platform for a minimal monthly fee.

### **Negotiable Fees**

For all noted forms of advisory engagements with our firm, the services to be provided to you and their specific fees will be detailed in your engagement agreement. Our published fees may be discounted at the discretion of the firm but they are not negotiable. We strive to offer fees that are fair and reasonable.

### **Client Payment of Fees**

Fees for our services may be paid by check, bank draft, or single transaction debit card or credit card authorization through a qualified, unaffiliated third-party service. We do not accept cash, money orders, or similar forms of payment for our engagements.

Fees are generally due 30 days after upon receipt of our invoice. Engagements that are greater than three months in duration will be billed monthly or quarterly in arrears. Interest at 10% per year will be assessed on balances more than 60 days past due.

### **Additional Client Fees**

Any custodial or transactional fees (sometimes termed *brokerage fees*) assessed by selected service providers, individual retirement account fees, or qualified retirement plan account termination fees will be borne by the accountholder and are per those provided in current, separate fee schedules of any selected service provider. Fees paid by our clients to our firm for our advisory services are separate from any transactional charges a client may pay, as well as those for mutual funds, exchange-traded funds (ETFs), or other investments of this type.

Further information about our fees in relationship to our business practices are noted in Item 12 of this document.

### **Charged Prepayment of Client Fees**

#### Advance Payment for Certain Services

We may require an initial deposit of up to \$500 for our financial planning and investment consultation services, which will be defined in your engagement agreement.

## **Termination of Services**

Either you or we may terminate the agreement at any time, in writing. Should you verbally notify our firm of the termination and, if in two business days following this notification we have not received your notice in writing, we will make a written notice of the termination in our records and send you our own termination notice as a substitute. We will not be responsible for future planning services or investment advice upon receipt of a termination notice.

If our ADV Part 2A brochure was not delivered to you at least 48 hours prior to entering into the investment advisory contract, then you have the right to terminate the engagement without charge within five business days after entering into the agreement. Should you terminate the engagement after this period, you will typically be assessed fees on a prorated basis for services incurred up until the date of termination. In the case of any prepaid fees, the Firm will promptly return any unearned amount upon receipt of a written termination notice and not beyond 30 days of receipt of notice.

## **External Compensation for the Sale of Securities to Clients**

Our firm is engaged for fee-only services and we attempt to recommend “no load” investments whenever appropriate. We do not charge or receive a commission or mark-up on your securities transactions, nor will the firm and our associates be paid a commission on your purchase of an insurance contract or securities investment.

We do not receive “trailer” or SEC Rule 12b-1 fees from an investment company we may recommend. Fees charged by issuers are detailed in prospectuses or product descriptions and you are encouraged to read these documents before investing. Our firm receives none of these described or similar fees or charges.

You will always have the option to purchase recommended investments through your selected service provider.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Our fees are not based on capital gains or capital appreciation (growth) of any portion of managed funds, also known as “performance-based fees.” Performance-based compensation creates an incentive for a firm to recommend an investment that may carry a higher degree of risk to a client. We do not use a performance-based fee structure because of the conflict of interest this type of fee structure poses.

Our fees are not based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not; this type of arrangement, and the conflict of interest it may pose, does not conform to our firm’s practices.

## **Item 7 – Types of Clients**

We provide our services to individuals, trusts and estates, foundations and charitable organizations, as well as businesses to assist them in their meeting financial objectives in what we believe to be a cost-effective way.

Our ability to provide our services depends on access to important information. Accordingly, it is necessary that you provide us with an adequate level of information and supporting documentation throughout the term of the engagement, including but not limited to source of funds, income levels, your (or your legal agent’s) authority to obtain information directly from your service providers, among other information. This helps us determine the appropriateness of our financial planning or investment strategy for you.

It is also very important that you keep us informed on significant changes that may call for an update to your financial and investment plans. Events such as job changes, retirement, a windfall, marriage or divorce, or the purchase or sale of a home or business can have a large impact on your circumstances and needs. We need to be aware of such events, so we can make the adjustments needed to your plan or advice to keep you on track toward your goals.

We do not require our clients to have any minimum income or asset levels. We reserve the right to waive or reduce fees based on individual circumstances or other special arrangements. We also reserve the right to decline services to any prospective client for any non-discriminatory reason.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis and Investment Strategies**

#### **Method of Analysis**

If we are engaged to provide investment advice, we will first gather and consider several factors, including your:

- current financial situation,
- current and long-term needs,
- investment goals and objectives,
- level of investment knowledge,
- tolerance for risk, and
- restrictions, if any, on the design or management of your portfolio.

We generally employ a fundamental analysis which involves evaluating economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. In addition to our own research, the firm's recommendations may also be drawn from research sources that include financial publications, investment analysis and reporting software, materials from outside sources, corporate rating services, annual reports, prospectuses and other regulatory filings, and company press releases.

We make asset allocation and investment policy decisions based on the above-noted elements and any other reasonable requirements you may prescribe. We will discuss with you how, in our best judgment, to meet your objectives while at the same time seeking a prudent level of risk exposure.

#### **Investment Strategies**

The firm will pursue a long term, disciplined buy-and-hold investment strategy that emphasizes passive versus active investments; seeks broad diversification, minimizes costs and pursues regular rebalancing based upon the client's optimal asset allocation.

### **Investment Strategy and Method of Analysis Material Risks**

#### **Investment Strategy Risks**

We believe our strategy and investment recommendations are designed to produce the appropriate potential return for the given level of risk; however, we cannot guarantee that an investment objective or planning goal will be achieved. As an investor, you must be able to bear the risk of loss that is associated with your account, which may include the loss of some or all of your principal. In general, risks regarding markets include interest rates, company, and management risk, among others. Examples include:

*Company Risk* – When investing in securities, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry.

*Financial Risk* – Excessive borrowing to finance business operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

*Management Risk* – An investment with a firm varies with the success and failure of its investment strategies, research, analysis and determination of its portfolio. If an investment strategy were not to produce expected returns, the value of the investment would decrease.

*Market Risk* – When the stock market as a whole or an industry as a whole falls, it can cause the prices of individual stocks to fall indiscriminately. This is also called systemic or systematic risk.

*Passive Market Strategies* – If your portfolio employs a passive, efficient markets approach, you will need to consider the potential risk that at times your broader allocation may generate lower-than-expected returns than that from a specific asset, and that the return on each type of asset is a deviation from the average return for the asset class. It is felt that this variance from the “expected return” is generally low under normal market conditions if the portfolio is made up of diverse, low or non-correlated assets.

*Research Data* – When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. Therefore, while our firm makes every effort to determine the accuracy of the information received, we cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice on or investment management of an account.

*Socially Conscious Investing* – If you require your portfolio to be invested per socially conscious principles, you should note that returns on investments of this type may be limited and because of this limitation you may not be able to be as well diversified among various asset classes. The number of publicly traded companies that meet socially conscious investment parameters is also limited, and due to this limitation, there is a probability of similarity or overlap of holdings, especially among socially conscious mutual funds or ETFs. Therefore, there could be a more pronounced positive or negative impact on a socially conscious portfolio, which could be more volatile than a fully diversified portfolio.

### **Security-Specific Material Risks**

*Equity (Stock) Risks* – Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of their issuers change. If an investor held common stock, or common stock equivalents, of any given issuer, they would generally be exposed to greater risk than if they held preferred stock and/or debt obligations of the issuer.

*ETF and Mutual Fund Risk* – ETFs and mutual funds may carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. The risk of owning an ETF or mutual fund also generally reflects the risks of their underlying securities.

Currency Risk – Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment’s originating country. This is also referred to as exchange rate risk.

Fixed Income Risks – Various forms of fixed income instruments, such as bonds, money market funds, bond funds, and certificates of deposit, may be affected by various forms of risk, including:

*Credit Risk* - The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as “default risk.” Credit risk may also occur when an issuer’s ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments, as well as funds or ETF share values that hold these issues. Bondholders are creditors of an issuer and have priority to assets before equity holders (e.g., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.

*Duration Risk* - Duration is a measure of a bond’s volatility, expressed in years to be repaid by its internal cash flow (interest payments). Bonds with longer durations carry more risk and have higher price volatility than bonds with shorter durations.

*Interest Rate Risk* - The risk that the value of the fixed income holding will decrease because of an increase in interest rates.

*Liquidity Risk* - The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed income are generally liquid (i.e., bonds), there are risks which may occur such as when an issue trading on any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.

*Reinvestment Risk* – With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.

Index Investing – ETFs and indexed funds have the potential to be affected by “active risk” or “tracking error risk;” which might be defined as a deviation from a stated benchmark. Since the core portfolio attempts to closely replicate a stated benchmark, the source of the tracking error or deviation may come from a satellite portfolio or position, or from a “sample” or “optimized” index ETF that may not as closely align the stated benchmark. In these instances, the firm may recommend reducing the weighting of a satellite holding; utilize very active satellites, or use a “replicate index” ETF as part of a core holding to minimize the effects of the tracking error in relation to the overall portfolio.

Inflation Risk – When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.

## **Item 9 – Disciplinary Information**

### **Criminal or Civil Actions**

Neither Rauschenberger Financial Advisors, nor a member of firm management, has been involved in a reportable material criminal or civil action that would reflect upon our firm’s advisory business or the integrity of our firm.

### **Administrative Enforcement Proceedings**

Neither the firm nor a member of firm management has been involved in reportable material administrative enforcement proceedings that would reflect upon our firm's advisory business or the integrity of our firm.

#### **Self-Regulatory Organization Enforcement Proceedings**

Neither Rauschenberger Financial Advisors, nor a member of firm management, has been involved in reportable material self-regulatory organization enforcement proceedings that would reflect upon our firm's advisory business or the integrity of our firm.

#### **Item 10 – Other Financial Industry Activities and Affiliations**

Our policies require our firm and its associates to conduct business activities in a manner that avoids actual or potential conflicts of interest between the firm, its employees and clients, or that may be contrary to law. We will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest which might reasonably compromise our impartiality or independence.

#### **Broker-Dealer or Representative Registration**

Neither the firm nor a member of firm management is registered, nor do they have an application pending to register, as a broker/dealer or a registered representative of a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) broker/dealer.

#### **Futures or Commodity Registration**

Neither Rauschenberger Financial Advisors, nor a member of firm management, is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

#### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Neither Rauschenberger Financial Advisors, nor a member of our firm's management, is or has a material relationship with any of the following types of entities:

- broker/dealer, municipal securities dealer, or government securities dealer or broker;
- other investment advisor or financial planner;
- futures commission merchant, commodity pool operator, or commodity trading advisor;
- banking or thrift institution;
- accountant or accounting firm;
- lawyer or law firm;
- insurance company or agency;
- pension consultant;
- real estate broker or dealer;
- sponsor or syndicator of limited partnerships; or
- investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund).

Upon your request, we may provide referrals to various professionals, such as an attorney or accountant. We do not have an agreement with or receive fees from these professionals for these informal referrals. Any fees charged by these other entities for their services are separate from fees charged by our firm.

#### **Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

Should we ever provide you with a recommendation to an unaffiliated registered investment advisor to manage your portfolio, we will first ensure we have conducted what we believe is an appropriate level of due diligence on the recommended third party advisor, to include ensuring their firm is appropriately registered or notice-filed within your jurisdiction. Please note that we are not paid for this referral nor do we share in any fees these firms may receive in managing your investment account.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics Description**

We have adopted a Code of Ethics that establishes policies for ethical conduct for all our personnel. Our firm accepts the obligation not only to comply with all applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. Our policies include prohibitions against insider trading, circulation of industry rumors, and certain political contributions, among others.

We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually.

Our firm will provide a copy of its Code of Ethics to any client or prospective client upon request.

### **Privacy Policy Statement**

We respect the privacy of all our clients and prospective clients, both past and present. We recognize that you have entrusted us with non-public personal information and it is important to us that all employees and clients of our firm know our policy concerning what we do with that information.

We collect personal information about our clients from the following sources:

- Information our clients provide to us to complete their financial plan or investment recommendation;
- Information our clients provide to us in agreements, account applications, and other documents completed in connection with the opening and maintenance of their accounts;
- Information our clients provide to us verbally; and
- Information we may receive from service providers, such as custodians, about client transactions.

We do not disclose non-public personal information about our clients to anyone, except in the following circumstances:

- When required to provide services our clients have requested;
- When our clients have specifically authorized us to do so;
- When required during the course of a firm assessment (i.e., independent audit); or
- When permitted or required by law (i.e., periodic regulatory examination).

Within our firm, we restrict access to client information to staff that need to know that information. All personnel and our service providers understand that everything handled in our offices are confidential and they are instructed to not discuss client information with someone else that may request information about an account unless they are specifically authorized in writing by the client to do so. This includes, for example, providing information about a spouse's IRA account, or to adult children about parents' accounts, etc.

To ensure security and confidentiality, we maintain physical, electronic, and procedural safeguards to protect the privacy of client information.

We will provide you with our privacy policy on an annual basis per federal law and at any time, in advance, if our policy is expected to change.

#### **Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Neither our firm nor its associates are authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a “related person” (associates, their immediate family members, etc.) has a material financial interest, such as in the capacity as an underwriter, advisor to the issuer, etc.

Our associates are prohibited from borrowing from or lending to a client unless the client is an approved financial institution.

Our firm is able to provide a broad range of services to you and all of our clients, and we may be paid a fee for some or all of these services. Due to our firm’s ability to offer two or more of these services and possibly receive a fee for each engagement, a potential conflict of interest may exist. Therefore, we note that you are under no obligation to act on our recommendations and, if you elect to do so, you are under no obligation to complete all of them through our firm or service provider we may recommend.

#### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Our firm does not trade for its own account (e.g., proprietary trading). Firm related persons may buy or sell securities that are the same as, similar to, or different from, those recommended to clients for their accounts. A recommendation made to one client may be different in nature or in timing from a recommendation made to a different client. Clients often have different objectives and risk tolerances. At no time, however, will a related person receive preferential treatment over a client.

In an effort to reduce or eliminate certain conflicts of interest involving the firm or personal trading (i.e., trading ahead of a client’s order), firm policy may require that restricting or prohibiting related person’s transactions in specific securities transactions. Any exceptions or trading pre-clearance must be approved by the firm supervisory principal in advance of the transaction in an account, and these records are maintained per regulation.

#### **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Please see our response in the previous paragraph.

### **Item 12 – Brokerage Practices**

#### **Factors Used to Select Broker-Dealers for Client Transactions**

Rauschenberger Financial Advisors does not maintain custody of any of your assets (see Item 15). Your assets must be maintained in an account at a “qualified custodian” (generally a broker/dealer or bank) that is frequently assessed for its capabilities to serve as a custodian by their respective industry regulatory authority. Our firm is not a custodian nor do we have an affiliate that is a custodian.

When engaged to provide investment consultation services, we may recommend the service provider with whom your assets are currently maintained. Should you prefer a new service provider, our recommendation of another service provider would be based on your needs, overall cost, and ease of use.

### **Client Referrals**

It is our firm's policy to prohibit non-cash compensation (termed "soft dollars" in certain jurisdictions), nor do we "pay up" to receive additional services from a service provider that we may recommend.

We periodically conduct an assessment of any service provider we recommend, which typically includes a review of their range of services, reasonableness of fees, among other items, and in comparison to their industry peers.

### **Best Execution**

In light of the nature of our services, we do not believe we are obligated to conduct "best execution" review of a client transaction under current industry guidelines.

### **Directed Brokerage**

We do not require or engage in directed brokerage involving client accounts. Our clients are free to use any service provider to execute their transactions and they are responsible for negotiating any terms or arrangements for their account. We will not be obligated to conduct due diligence of the client's selected service provider, seek better execution services or prices from any provider, or aggregate client transactions for trade execution.

### **Aggregating Securities Transactions for Client Accounts**

Our firm is not engaged for continuous investment supervisory or investment management services and therefore does not aggregate trades on behalf of client accounts. Since your transactions may be completed independently at a service provider of your choice, you may potentially pay more for your transaction than those accounts where trades have been aggregated.

### **Item 13 – Review of Accounts**

#### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Periodic financial check-ups or reviews are recommended, but not automatically included, if you are receiving our hourly or project-based financial planning and investment consultation services, and we recommend that they occur at least every 12 to 18 months whenever practical. We encourage you to schedule these meetings in advance or we may contact you to determine an appropriate date to schedule the review.

The schedule for periodic reviews for clients who engage us for subscription services depends on the scope and complexity of the engagement, and will be mutually agreed upon.

Reviews will be conducted by your selected financial planner and normally involve analysis and possible revision of your previous financial plan or investment allocation.

Unless stated to the contrary in your engagement agreement, reviews are generally conducted under a new or amended agreement and will be assessed at our published rate at the time of the review.

### **Review of Client Accounts on Non-Periodic Basis**

You are free to contact our firm for additional reviews when there are material changes that occur in your financial situation (i.e., loss of a job, early retirement, receipt of a significant bonus, an inheritance, the birth of a new child, or other circumstances).

Non-periodic reviews are generally conducted under a new or amended agreement and will be assessed at our published rate at the time of the review.

### **Content of Client Provided Reports and Frequency**

If you have opened and maintained an investment account on your own or with our assistance, you will receive account statements sent directly from mutual fund companies, transfer agents, custodians or brokerage companies where your investments are held. We urge you to carefully review these statements for accuracy and clarity, and to ask questions when something is not clear.

We may provide portfolio reports if we are engaged to provide periodic asset allocation or investment advice. We do not provide ongoing performance reporting under our financial planning and investment consultation services engagements. Clients are urged to carefully review and compare account statements that they have received directly from their service provider with any report received from our firm.

### **Item 14 – Client Referrals and Other Compensation**

#### **Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

We do not engage in solicitation activities as defined by statute. All compensation paid to our firm is paid directly by our clients through financial planning and investment consultation services fees; we do not receive additional compensation when our clients engage a recommended service provider.

#### **Advisory Firm Payments for Client Referrals**

Investment advisor representatives of our firm may hold individual membership or serve on boards or committees of professional industry associations. Generally, participation in any of these entities require membership fees to be paid, adherence to ethical guidelines, as well as in meeting experiential and educational requirements.

A benefit these entities may provide to the investing public is the availability of online search tools that allow interested parties (prospective clients) to search for individual participants within a selected state or region. These passive websites may provide means for interested persons to contact a participant via electronic mail, telephone number, or other contact information, to interview the participating member. The public may also choose to telephone association staff to inquire about an individual within their area, and would receive the same or similar information. A portion of these participant's membership fees may be used so that their name will be listed in some or all of these entities' websites (or other listings).

Prospective clients locating our firm or one of our associates via these methods are not actively marketed by the noted associations. Clients who find us in this way do not pay more for their services than clients referred to us in another fashion, such as by another client. We do not pay these entities for prospective client referrals, nor is there a fee-sharing arrangement reflective of a solicitor engagement.

### **Item 15 – Custody**

Your funds and securities will be maintained by an unaffiliated, qualified custodian, such as a bank, broker/dealer, mutual fund companies, or transfer agent. Your assets are not held by our firm or any of our associates. In keeping with this policy, we:

- Restrict our firm and associates from serving as trustee or having full power of attorney over a client account.
- Are prohibited from having authority to withdraw securities or cash assets from a client account.
- Do not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm.
- Will not collect advance fees of \$500 or more for our services that are to be performed six months or more into the future.
- Will not authorize any associate to have knowledge of a client's account access information (i.e., online 401(k), brokerage or bank accounts) when such access might result in physical control over client assets. Or for the convenience or accommodation of the client or their legal agent. [This differs from an advisor's limited ("view only") access that may be offered by a custodian via client's written permission.]

You will be provided with transaction confirmations and summary account statements provided directly to you by your selected service provider. Typically, these statements are provided on a monthly or quarterly basis, or as transactions occur. We will not create a statement for you nor be the sole recipient of account statements.

You may receive periodic reports from our firm that may include investment performance information. You are urged to carefully review and compare your account statements that you have received directly from your service provider with any report you receive from our firm.

#### **Item 16 – Investment Discretion**

We do not allow our associates to act with discretionary authority within a client account. Should we be asked by you to assist in any trade execution (including account rebalancing) on your behalf, we will only do so with your selected service provider, either in your presence or with your prior approval, termed in the securities industry as *non-discretionary authority*.

#### **Item 17 – Voting Client Securities**

##### **Proxy Voting**

Our firm does not vote proxies on your behalf nor do we offer guidance on how to vote proxies. You will maintain exclusive responsibility for directing the manner in which proxies are voted.

##### **Other Corporate Actions**

We will not offer guidance on or have the power, authority, responsibility, or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets.

##### **Receipt of Materials**

You may receive proxies or other similar solicitations sent directly from your selected custodian or transfer agent. Should we receive a duplicate copy, note that we do not generally forward these or any correspondence relating to the voting of your securities, class action litigation, or other corporate actions.

## **Item 18 – Financial Information**

### **Balance Sheet**

We do not directly withdraw our fees from your bank or investment accounts. Our firm will not have custody of your assets, and will not collect fees of \$500 or more for services we will perform six months or more in advance.

Due to the nature of our firm's services and operational practices, an audited balance sheet is not required nor included in this brochure.

### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

The firm and its management do not have a financial condition likely to impair our ability to meet our commitment to our clients.

### **Bankruptcy Petitions during the Past 10 Years**

The firm and its management have not been the subject of a bankruptcy petition at any time during the past 10 years.

## **Item 19 – Requirements for State-Registered Advisors**

### **Principal Executive Officer**

President/Designated Officer/Firm Principal (Supervisor)/Investment Advisor Representative

**Keith William Rauschenberger** (Born 1958/CRD # 6064648)

### **Educational Background and Business Experience**

Regulatory guidance requires firms to disclose relevant post-secondary education and professional training for each principal executive and associate through Form ADV Part 2A and/or ADV Part 2B (Brochure Supplement), as well as their business experience for at least the past five years.

#### Educational Background

MBA in Finance, American Graduate School of International Management; Glendale, AZ  
General Business Management, Purdue University; West Lafayette, IN  
Certificate in Financial Planning, College for Financial Planning; Denver, CO  
Uniform Investment Advisor Law Exam/NASAA Series 65

#### Business Experience [Most Recent 20 Years]

Rauschenberger & Associates, Inc. *d/b/a Rauschenberger Financial Advisors* (2005-2012)  
[Banking and Management Consulting 2005-2012/Registered Investment Advisor 2012-Present]  
Elgin, IL  
President/Principal/Investment Advisor Representative

The Bank of Nova Scotia (1995-2011)  
Chicago, IL  
Director – Corporate & Investment Banking Group

### **Other Business Activities Engaged In**

There are no other reportable business activities at this time. Mr. Rauschenberger is not registered nor has an application pending to register as a registered representative of a broker/dealer or associated person of a futures commission merchant, commodity pool operator, or commodity trading advisor. Therefore, he does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products, including that as a registered representative of a broker/dealer, and including distribution or service (“trail”) fees from the sale of mutual funds.

### **Performance-Based Fee Description**

Mr. Rauschenberger is not compensated for advisory services via performance-based fees. Our firm also prohibits associates from accepting or receiving additional economic benefit, such as sales awards or other prizes, for providing advisory services to its clients.

### **Disclosure of Material Facts Related to Arbitration or Disciplinary Actions Involving Management**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each member of management or supervised person providing investment advice.

No information is applicable to this item. There are no criminal or civil actions, administrative enforcement proceedings, self regulatory organization enforcement proceedings or any other proceedings applicable to our firm or Mr. Rauschenberger.

### **Material Relationships Maintained by Advisory Business or Management Persons with Issuers**

Neither the firm nor Mr. Rauschenberger has a material relationship with the issuer of securities.

### **Supervision**

Mr. Rauschenberger serves in multiple capacities for our firm: President, designated principal, financial planner and investment advisor representative. It is recognized that the inability to segregate certain duties may potentially create conflicts of interest; policies and procedures are employed to ensure appropriate recordkeeping and supervision.

Questions relative to our firm, its services, or this ADV Part 2A may be made to the attention of Mr. Rauschenberger at (847) 802-2500.

Additional information about the firm, other advisory firms, or associated investment advisor representatives is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). A search of this site for firms or their associated personnel can be accomplished by name or a unique firm identifier, known as an IARD number. The IARD number for Rauschenberger Financial Advisors is 160230; Mr. Rauschenberger’s CRD # 6064648.

The business and disciplinary history, if any, of an investment advisory firm and its representatives may also be obtained by calling the Illinois Securities Department at (800) 628-7937.

**Business Continuity Plan**

Rauschenberger Financial Advisors maintains business continuity and succession contingency plans to ensure the firm appropriately responds to events that pose a significant disruption to its operations. A statement concerning the current plan is available under separate cover.